

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 L-03 TRSE-00 AID-05 CEA-01  
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/091 W

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R 211828Z JUL 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6042

C O N F I D E N T I A L PARIS 21238

USOECD

PASS EB FOR BOEKER, TREASURY FOR HUFBAUER

E.O. 11652: GDS

TAGS: EINV, OECD

SUBJECT: AMBASSADOR'S DISCUSSION WITH SECRETARY-  
GENERAL ON PROBLEM OF OECD'S SPECIAL CONSULTANT ON  
INVESTMENT MATTERS

REF: A) OECD 19048, B) STATE 153163

1. AS A FOLLOW-UP TO HIS LETTER TO THE SECRETARY  
GENERAL OF JULY 6, 1977 (WRITTEN PER REFTELS), AMBAS-  
SADOR TALKED WITH VAN LENNEP PRIVATELY ON JULY 19. IN  
EXPLAINING US CONCERN ABOUT THE ARTICLE WRITTEN BY  
SECGEN'S SPECIAL CONSULTANT (VOGELAAR) IN MAY ISSUE  
"OECD OBSERVER" AND OVERALL ORGANIZATIONAL PROBLEM  
CREATED BY THIS CONSULTANCY, AMBASSADOR EMPHASIZED  
FOLLOWING POINTS:

(A) PURPOSE OF WRITING LETTER WAS TO POINT OUT A PRO-  
BLEM NOT TO ELICIT A WRITTEN REPLY. HOWEVER, WOULD BE  
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HELPFUL IF NEXT ISSUE OF "OBSERVER" INCLUDED CLARIFI-  
CATION THAT VOGELAAR ARTICLE REPRESENTED HIS PERSONAL  
VIEWS, NOT THOSE OF OECD SECRETARIAT OR MEMBER  
COUNTRIES.

(B) ARTICLE IS MERELY LATEST MANIFESTATION OF SERIOUS  
PROBLEM INVOLVING SECRETARIAT'S SUPPORT FOR INVESTMENT

WORK AND SPECIAL FREE-WHEELING ROLE WHICH VOGELAAR HAS ASSUMED. USG FINDS IT VERY DIFFICULT TO WORK WITH HIM AND IS LOSING CONFIDENCE THAT SECRETARIAT CAN PROVIDE EFFECTIVE AND EFFICIENT SUPPORT FOR INVESTMENT COMMITTEE (CIME).

(C) CIME IS ONLY COMMITTEE IN OECD WHERE SECRETARIAT SUPPORT HANDLED IN SUCH ANOMALOUS WAY. SEVERAL OTHER KEY DELEGATIONS AND INVESTMENT COMMITTEE CHAIRMAN (ABRAMOWSKI) HAVE PRIVATELY INDICATED THEIR DISSATISFACTION WITH PRESENT SECRETARIAT ORGANIZATION. USG HOPES SECRETARY-GENERAL WILL REVIEW SITUATION WITH VIEW TO REGULARIZING IT, CLARIFYING BLURRED LINES OF RESPONSIBILITY, BUILDING UP ROLE OF FINANCIAL DIRECTORATE AS FOCAL POINT FOR SECRETARIAT SUPPORT AND ASSURING NECESSARY HORIZONTAL COORDINATION THROUGH DEPUTY SECRETARY-GENERAL ELDIN.

2. ON ORGANIZATIONAL QUESTION, SECRETARY-GENERAL EMPHASIZED NEED TO COORDINATE INVESTMENT WORK ABOVE DIRECTORATE LEVEL TO MAINTAIN NECESSARY "HORIZONTALITY" WITH OTHER DIRECTORATES IN SECRETARIAT. HE RECALLED THIS HAD BEEN DONE IN INITIAL PHASE BY HAVING INVESTMENT AFFAIRS SUPERVISED BY ABRAMOWSKI WHO WAS THEN ASSISTANT SECRETARY-GENERAL AT OECD. VAN LENNEP EXPRESSED SERIOUS RESERVATIONS ABOUT CAPABILITY OF CONFIDENTIAL

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FINANCIAL DIRECTORATE (I.E. BERTRAND) TO MEET THE REQUIREMENTS. IN SECGEN'S VIEW, INDIVIDUAL WITH VOGELAAR'S QUALIFICATIONS (E.E., LAWYER, EXPERIENCE WITH AND ACCESS TO MNE'S), THOUGH "NOT NECESSARILY VOGELAAR", STILL NEEDED. THUS, VAN LENNEP, WHILE INDICATING THAT HE HAD NOT PLANNED, IN ANY CASE, TO KEEP VOGELAAR MORE THAN ANOTHER YEAR (BEGINNING OCTOBER 1977), STATED HE FACED MANAGERIAL DILEMMA IN FINDING ADEQUATE STRUCTURE AND PERSONNEL.

3. COMMENTING ON "OBSERVER" ARTICLE, SECGEN EXPLAINED THAT VOGELAAR INVITED BY "OBSERVER" TO WRITE ARTICLE, BUT HE AGREED THAT TIMING OF "OBSERVER" ARTICLE'S APPEARANCE HAD BEEN ESPECIALLY UNFORTUNATE AND THAT SECRETARIAT SHOULD NOT MAKE CONTROVERSIAL STATEMENTS PRIOR TO MEETINGS OF COMMITTEE OR GOVERNMENTAL DISCUSSIONS.

4. IN RESPONSE TO SECGEN'S OBSERVATIONS, AMBASSADOR REEMPHASIZED (A) SERIOUSNESS WITH WHICH USG AND OTHERS VIEW THIS ISSUE, (B) THE NEED FOR A SMOOTH- WORKING, EFFICIENT SECRETARIAT SUPPORT OPERATION FOR THE INVEST-

MENT COMMITTEE, AND(C) BELIEF THAT HORIZONTAL COORDINATION COULD BE ACHIEVED THROUGH ELDIN'S SUPERVISION. AMBASSADOR EXPRESSED HOPE THAT SEC GEN COULD MAKE SPECIFIC SUGGESTIONS FOR REGULARIZING SECRETARIAT SUPPORT FOR INVESTMENT COMMITTEE IN CONNECTION WITH HIS ANNUAL SUBMISSION IN FALL ON THE 1978 OECD WORK PROGRAM AND BUDGET. HIS PROPOSAL WOULD BE DISCUSSED IN NORMAL MANNER BY DELEGATIONS IN EXECUTIVE COMMITTEE AND COUNCIL AND SHOULD RESULT, PRIOR TO BEGINNING OF NEXT BUDGET CYCLE IN JANUARY, IN MUTUALLY SATISFACTORY RESOLUTION OF ISSUE OF HOW SUPPORT FOR CIME IS TO BE STAFFED. VOGELAAR COULD THEN EITHER BE KEPT ON IN ANOTHER CAPACITY FOR SOME FURTHER TIME OR ALLOWED TO ACCEPT A POSITION ELSEWHERE (SEC GEN NOTED CONFIDENTIAL

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THAT UN HAS MADE OFFER TO VOGELAAR).

5. WE BELIEVE VAN LENNEP HAS NOW BEEN SENSITIZED TO OUR CONCERNS. HE WAS RECEPTIVE TO AMBASSADOR'S COMMENT THAT ESSENTIAL POINT WAS THAT INVESTMENT COMMITTEE RECEIVE ADEQUATE SECRETARIAL SUPPORT AND THAT THE STRUCTURE HAVE CONFIDENCE NOT ONLY OF US DELEGATION, BUT OF OTHER DELGATIONS. WHILE SEC GEN MAY NOT TERMINATE VOGELAAR'S CONTRACT IN OCTOBER, HE APPEARED TO ACCEPT OUR SUGGESTION OF USING THE BUDGET PROCESS TO REGULARIZE THE SITUATION BY THE BEGINNING OF THE NEXT FISCAL (CALENDAR) YEAR. VAN LENNEP INDICATED HE INTENDED TO REPLY MORE FULLY TO AMBASSADOR'S PROPOSAL, PERHAPS DURING SEC GEN'S BRIEF RETURN TO PARIS AROUND THE BEGINNING OF AUGUST.  
SALZMAN

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## Message Attributes

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